

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Mark Acton, Vice Chairman;
Nanci E. Langley; and
Robert G. Taub

Prairie Hill Post Office
Prairie Hill, Texas

Docket No. A2011-50

ORDER AFFIRMING DETERMINATION

(Issued December 9, 2011)

I. INTRODUCTION

On August 18, 2011, the Postal Regulatory Commission received an appeal from Stell Waldrop, Jr. (Petitioner) seeking review of the Postal Service's determination to close the Prairie Hill, Texas post office (Prairie Hill post office).¹ After review of the record in this proceeding, the Commission affirms the Final Determination to close the Prairie Hill post office.

II. PROCEDURAL HISTORY

In Order No. 820 (August 22, 2011), the Commission established Docket No. A2011-50 to consider the appeal, designated a Public Representative, and directed the

¹ Petition for Review of Stell Waldrop, Jr., August 18, 2011 (Petition).

Postal Service to file the Administrative Record or otherwise file a pleading responsive to the appeal.²

On September 2, 2011, the Postal Service filed the Administrative Record with the Commission.³ On September 22, 2011, Petitioner filed a participant statement.⁴ The Postal Service filed comments on October 6, requesting that the determination to close the Prairie Hill post office be affirmed.⁵ Petitioner filed reply comments on October 27, 2011.⁶ There were no interventions.

III. BACKGROUND

The Prairie Hill post office, classified as level EAS-11, provides window service 22.5 hours a week from 7:30 a.m. to 12:30 p.m. and 1:00 p.m. to 3:00 p.m., Monday through Friday, and 7:30 a.m. to 9:30 a.m. on Saturday. Final Determination at 4. The lobby is open 24 hours a day Monday through Saturday. *Id.* In addition to providing retail services, e.g., sale of stamps, stamped paper, and money orders, it provides service to 69 post office box or general delivery customers and no delivery customers. *Id.*

The Prairie Hill post office averages 13 transactions amounting to 13 minutes of workload per day. *Id.* Office receipts over the last 3 years were \$17,346 in FY 2008; \$14,078 in FY 2009; and \$12,831 in FY 2010. *Id.*

² Notice and Order Accepting Appeal and Establishing Procedural Schedule, August 22, 2011 (Order No. 820).

³ The Administrative Record is attached to United States Postal Service Notice of Filing, September 2, 2011 (Administrative Record). The Administrative Record includes as Item No. 48 the Final Determination to Close the Prairie Hill, TX Post Office and Continue to Provide Service by Rural Route Service (Final Determination).

⁴ Participant Statement, September 22, 2011 (Participant Statement).

⁵ United States Postal Service Comments Regarding Appeal, October 6, 2011 (Postal Service Comments). An errata was subsequently filed to correct a minor error on the first page of the Postal Service's comments. United States Postal Service Notice of Filing Errata to Comments Regarding Appeal, October 12, 2011.

⁶ Petitioner/Appellant Reply Comments to United States Postal Service's Comments Regarding Appeal, October 27, 2011 (Petitioner Reply Comments).

The Postal Service has made a decision to close the Prairie Hill post office and provide retail services and rural route delivery administered by the Coolidge post office, an EAS-13 post office, located 11 miles away.⁷ *Id.* Post office box and retail services are available at the Coolidge post office from 8:00 a.m. to 4:00 p.m., Monday through Friday, and 8:00a.m. to 9:00 a.m. on Saturday. *Id.* The lobby is open 24 hours a day, Monday through Saturday.⁸

The Postal Service will continue to use the name Prairie Hill, Texas and ZIP Code. Final Determination at 4.

On July 5, 2007, the Prairie Hill postmaster was promoted. *Id.* A non-career postmaster relief is serving as the officer in charge (OIC) of the Prairie Hill post office. *Id.*

On March 7, 2011, the Postal Service distributed questionnaires to post office box customers regarding the possible change in service at the Prairie Hill post office. *Id.* Additional questionnaires were available over the counter to walk-in customers. *Id.* A total of 69 questionnaires were distributed and 34 were returned. *Id.* On March 17, 2011, the Postal Service held a community meeting in Prairie Hill attended by 25 customers to address customer concerns.⁹

IV. PARTICIPANT PLEADINGS

Petitioner. In his appeal, Petitioner raises essentially 3 issues: (1) the impact of the post office closing on the provision of postal services; (2) the impact of the closing on the Prairie Hill community; (3) the accuracy of the economic savings projected by the Postal Service; and (4) alleged noncompliance with 39 U.S.C. § 101(b). See Petitioner Reply Comments at 1.

⁷ MapQuest estimates the driving distance between the Prairie Hill and Coolidge post offices to be approximately 10.4 miles (12 minutes driving time).

⁸ See usps.com for information regarding Coolidge post office.

⁹ The Community Meeting Roster indicates that the meeting took place in Prairie Hill. Administrative Record, Item No. 24 at 2-3.

Postal Service. The Postal Service argues that the Commission should affirm its determination to discontinue the Prairie Hill post office. Postal Service Comments at 2. The Postal Service maintains that it has followed the closing procedures of 39 U.S.C. § 404(d) and carefully considered the required factors of section 404(d)(2) in making its determination. *Id.* at 3.

The Postal Service states that its decision to close the Prairie Hill post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload generating low and declining revenue;
- the variety of delivery and retail options available;
- minimal impact upon the community;
- very little recent growth in the area; and
- expected financial savings.

Id. at 4-5. The Postal Service asserts that it has addressed each of the concerns raised by Petitioner and that it has satisfied the requirements of 39 U.S.C. § 404(d). *Id.* at 16.

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be: (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal

Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. 39 U.S.C. § 404(d)(5).

Notice of the Postal Service's proposal to close the Prairie Hill post office and provide rural route service was posted at the Prairie Hill post office and Coolidge post office from April 18, 2011, through June 19, 2011. Administrative Record, Item No. 36 at 1, 8. At the same time, the Postal Service posted an invitation for customers to comment on the Proposal. *Id.*, Item No. 31 and Item No. 36 at 15. The Postal Service received no comments during the 60-day posting period. *Id.* Item No. 38. The Final Determination to close the Prairie Hill post office was posted at the Prairie Hill post office from July 13, 2011, through August 14, 2011. Administrative Record, Item No. 49 at 2. No one has objected to the adequacy of the Postal Service's notices.

Based on review of the record, the Commission finds that the Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; whether a

maximum degree of effective and regular postal service will be provided; the economic savings to the Postal Service; and the effect on postal employees. 39 U.S.C. § 404(d)(2)(A).

Effect on the community. Prairie Hill, Texas, is an unincorporated community located in Limestone County, Texas. Administrative Record, Item No. 16. The community is administered politically by Limestone County, which provides police protection. *Id.* Fire protection is provided by the Prairie Hill Volunteer Fire Department. *Id.* The questionnaires completed by Prairie Hill customers indicate that, in general, the retirees, farmers, commuters, and others who reside in Prairie Hill must travel elsewhere for other supplies and services. Postal Service Comments at 10-11.

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. As part of its investigation, on March 7, 2011, the Postal Service distributed questionnaires to delivery customers regarding the possible change in service at the Prairie Hill post office. Final Determination at 4. Additional questionnaires were available over the counter to retail customers. A total of 69 questionnaires were distributed and 34 were returned. *Id.*

On March 17, 2011, the Postal Service held a community meeting in Prairie Hill to address customer concerns. *Id.* Twenty-five customers attended. *Id.*

Petitioner asserts that the Postal Service failed to fully consider the effect of the post office closing on the community. Participant Statement at 2-3. Specifically, Petitioner argues that the Prairie Hill post office is the focal point of the community; that postal employees provide assistance to senior citizens and others with special needs; that closing the post office would destroy the community; and that the closing would stymie potential population growth. *Id.*

In response, the Postal Service states generally that a community's identity derives from the interest and vitality of its residents and their use of its name, and that the Postal Service is helping to preserve community identity by continuing the use of Prairie Hill, TX 76578, in addresses. Postal Service Comments at 11-12. In addition,

nonpostal services provided by the Prairie Hill post office can be provided by the Coolidge post office. *Id.* Government forms usually provided by the post office are also available by contacting local government agencies. *Id.*

With respect to the specific arguments presented by Petitioner, the Postal Service argues that the Final Determination addresses the role that the continuous presence of the post office in Prairie Hill has played by providing a public bulletin board and a place for community gatherings and by providing both postal and nonpostal services. *Id.* at 11. The Postal Service also states that rural carriers will also be able to assist seniors and others with special needs. *Id.* at 12. In that connection, the Postal Service takes the position that it has assessed potential growth in the area, that rural carrier service is expected to be able to handle future growth, and that closing the Prairie Hill post office will not stymie potential growth. *Id.* at 11-12.

Upon review of the record in this proceeding, the Commission concludes that the Postal Service has satisfied the requirement that it consider the effect of closing on the community. 39 U.S.C. § 404(d)(2)(A)(i).

Effective and regular postal service. Petitioner argues that the alternative service proposed by the Postal Service fails to satisfy the requirement that the Postal Service provide the maximum degree of regular and effective postal services by ignoring customer concerns regarding the adequacy of the proposed alternative services. Petition at 2, 3-4, 6; Participant Statement at 1-2.

Petitioner objects to having to travel 11 miles to the Coolidge post office and questions whether rural carrier service will provide adequate mail security; whether medications delivered to roadside mail boxes will be adequately protected from adverse weather conditions; whether the proposed alternative service for package delivery and pick up and large volumes of mail that will not fit in roadside mail boxes will be adequate; whether roadside mail boxes will be vulnerable to alleged increases in criminal activity; whether customers would be able to meet the rural carrier at their roadside boxes; whether the location of roadside mail boxes would expose customers to

dangers from vehicular traffic; and whether there is an alleged hold on the purchase of cluster box units (CBUs). *Id.*

The Postal Service responded to Petitioner's objection to having to travel to the Coolidge post office by asserting that rural route delivery to CBUs provides similar access to retail service thereby making travel to the Coolidge post office unnecessary. Postal Service Comments at 6-7. The Postal Service asserts further that it has considered and responded to each of Petitioner's remaining concerns. *Id.* at 6. With respect to questions regarding mail security, the Postal Service states that the installation of CBUs and parcel lockers should largely resolve security concerns. *Id.* at 8-9.¹⁰ In that connection, the Postal Service responds to Petitioner's concern that the installation of CBUs has been put on hold by noting that this is a natural consequence of appeals that delay implementation of the Final Determination. *Id.* at 6, n.20.

The Postal Service responds to concerns that customers might be unable to meet the rural carrier at their mailbox or that the carrier cannot process credit card transactions by asserting that most transactions do not require interaction with a carrier and that transactions that might require the use of a credit card, such as purchasing stamps, can be performed online. *Id.* at 7-8. Postal Service Comments at 6-10. The Postal Service also notes that special provisions can be made for hardship situations. *Id.* at 7.¹¹

Finally, the Postal Service states that Petitioner's assertions regarding possible dangers from vehicular traffic that might arise at roadside boxes were not raised by Petitioner prior to issuance of the Final Determination, but that, in any event, there is no evidence in the record that the location of roadside boxes present any dangers that

¹⁰ Postal Service counsel reaffirms that five CBUs, each of which has two parcel lockers, will be installed in Prairie Hill.

¹¹ POM § 631.42 provides for consideration of changes in the mode of delivery where existing methods impose an extreme physical hardship on an individual customer. Approval is to be based on humanitarian and not economic criteria evaluated on the basis of the customer's need and not denied because of increased operational costs or because a family member or other party may be available to receive mail for the customer. POM, Issue 9, July 2002.

would not be adequately addressed by Postal Service regulations that roadside boxes be safely located. *Id.* at 6, note 20.

Upon review of the record in this proceeding, the Commission concludes that the Postal Service has considered its ability to provide a maximum degree of effective and regular service. 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates total annual savings of \$49,097 and a one-time expense of \$2,000 “for the movement of this facility.” Final Determination at 8. It derives this figure by summing the following costs: postmaster salary and benefits of \$44, 279, plus annual lease costs of \$8,712, minus the cost of replacement service, \$3,894. *Id.* at 7-8.

Petitioner argues that the economic savings are overstated. Petition at 5; Participant Statement at 3; Petitioner Reply Comments at 2. Petitioner points out that the postmaster position has been vacant since July, 2007, and that for the past 4 years a non-career postmaster relief has served as OIC. Participant Statement at 3; Petitioner Reply Comments at 2. Petitioner estimates the annual salary of the OIC to be approximately \$18,000 and that use of the postmaster salary and fringe benefits overstates economic savings by \$26,279. Participant Statement at 3. In his reply comments, Petitioner appears to argue that even the OIC’s estimated salary should be excluded from the projected cost savings when he asserts that the “only verifiable cost savings” are “the annual lease costs of \$8,712.” Petitioner Reply Comments at 2.

Petitioner also asserts that the \$3,894 estimated by the Postal Service as additional annual cost of replacement service has not been adequately supported and appears to be understated. Petition at 5.

Finally, Petitioner suggests alternatives to closing the Prairie Hill post office, such as renegotiating the post office’s lease, reducing hours of operation, and eliminating Saturday service. *Id.*

The Postal Service addresses the alleged deficiencies in its estimate of economic savings by arguing: (1) that its use of postmaster salaries and fringe benefits in making discontinuance decisions is reasonable and appropriate; (2) that its estimate

of the annual cost of replacement service is based upon the experience of qualified personnel, that the calculation is in line with similar calculations in other recent cases, and that Petitioner provides no reason to believe that the calculation is inaccurate; (3) that even if the OIC's hours were reduced as suggested by Petitioner, the cost of continuing to operate the Prairie Hill post office would be substantially higher than the cost of the proposed replacement service; and (4) that other alternatives proposed by Petitioner, such as eliminating Saturday service, are either not possible without authorization from Congress or beyond the scope of considerations that the Postal Service is statutorily required to consider when it closes a post office. Postal Service Comments at 13-15.

The Commission has previously stated that the Postal Service should not compute savings based on compensation costs that are not eliminated by the discontinuance of a post office. That appears to have happened in this instance. Since the postmaster's promotion in July 2007, the office has been run by a non-career OIC. While on paper the postmaster position may be eliminated, the postmaster salary and fringe benefits are only a measure of maximum potential savings. Since the Prairie Hill post office has been run by an OIC for over 4 years, it would seem that the OIC salary would be a more realistic measure of anticipated savings. However, even this measure of savings is subject to question since the OIC may, or may not, be separated from the Postal Service.

The Postal Service's estimate of the annual cost of replacement service appears to be reasonable. Petitioner has not offered plausible reasons for rejecting the estimate of the replacement service.

Petitioner suggests various options that the Postal Service could take and retain the Prairie Hill post office, including renegotiating the lease. Petitioner Letter at 5. In response, the Postal Service indicates that it "has broad experience with and has considered similar options, but must also recognize its obligation to maintain postal facilities in conformity with reasonable economies of postal operations while maintaining ready access to essential postal services...[and] the Postal Service has determined that

rural route service to CBUs is the most cost-effective solution for providing regular and effective service to the Prairie Hill community.” Postal Service Comments at 15.

Other options are either beyond the Postal Service’s current authority, beyond the scope of matters statutorily required to be considered in closing a post office, or have not been demonstrated to be less expensive than the replacement service proposed by the Postal Service.

One matter not addressed by either party is the \$2,000 one-time cost noted in the Final Determination “for the movement of this facility.” Final Determination at 8. Given the lack of any discussion in the Final Determination, it is unclear whether there is such a cost and, if so, what it represents. For purposes of this decision, the Commission will consider it to be an actual cost that will offset potential savings.

After review of the record, the Commission finds that the Postal Service has met the requirement in section 404(d)(2)(A)(iv) that it consider economic savings. Even if the Commission were to exclude both the postmaster’s salary (and fringe benefits) and the OIC’s salary from the calculation of projected savings, there would still be projected savings. Moreover, a reduction of the projected savings to account for the \$2,000 cost “for movement of this facility” would be a one-time adjustment that would reduce only the first year of projected savings.

Section 101(b). Petitioner asserts that closure of the Prairie Hill post office would violate the statutory provisions that prohibit closing any small post office solely for operating at a deficit. 39 U.S.C. § 101(b). Petition at 1, 7; Participant Statement at 1; Petitioner Reply Comments at 1. The Postal Service argues that it is not closing the Prairie Hill post office solely for insufficient revenues and that low post office revenues was only one of several factors that it considered in reaching its decision. Postal Service Comments at 5-6.

The Commission is not prepared to conclude that the Postal Service’s determination violates section 101(b). In addition to considering the post office’s level of revenues, the Postal Service in fact considered the postmaster vacancy, a minimal

workload, the variety of delivery and retail options, the low level of growth anticipated in the area, and impact on the community. Final Determination at 2, 5-7.

Effect on employees. The Postal Service states that it considered the effect of the closing of the Prairie Hill post office on postal employees. Postal Service Comments at 16. The impact on postal employees appears to be minimal. The postmaster was promoted during July, 2007. An individual was installed as the temporary OIC. That individual may be reassigned or separated from the Postal Service. The record shows that no other Postal Service employee would be affected by this closing. Final Determination at 7.

Upon review of the record in this proceeding, the Commission concludes that the Postal Service has satisfied the requirement that it consider the effect of closing on the employees at the Prairie Hill post office. 39 U.S.C. § 404(d)(2)(A)(ii).

VI. CONCLUSION

Based on the review of the record, the Commission concludes that the Postal Service has met the requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Prairie Hill, Texas post office is affirmed.

By the Commission.

Shoshana M. Grove
Secretary